



NEWS RELEASE

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SBA PARTNERSHIP WITH LENDERS, NONPROFITS LINKS LOANS AND TECHNICAL ASSISTANCE FOR NEW MARKETS BORROWERS

Community Express Loans Aimed at Low/Moderate Income Areas in Inner Cities and Rural Communities

WASHINGTON – U.S. Small Business Administration (SBA) Administrator Aida Alvarez today launched a new partnership with eight large American banks and the National Community Reinvestment Coalition (NCRC) to provide loans and technical assistance to stimulate small business formation and job creation in economically distressed rural and inner city areas.

Under the “Community Express” pilot program, participating lenders will adopt streamlined processing and approval procedures for SBA-backed small business loans in up to 30 targeted areas. The lenders also will provide funding for technical assistance to the borrowers through community-based, nonprofit NCRC member organizations.

“By linking SBA, lenders and the NCRC in this creative, three-way public/private partnership, we can help these new markets small businesses succeed,” said SBA Administrator Alvarez. **“In short, we will open doors of opportunity wider by making sure that access – access to credit and technical assistance – is part of the solution, not part of the problem.”**

John Taylor, president and CEO of NCRC, added: **“This new program is about providing the one resource that small business owners need the most – capital. By making capital available to entrepreneurs in underserved neighborhoods, we are helping these individuals, their families and their communities achieve the American dream of financial self-sufficiency.”**

SBA launched the program today by signing an agreement with NCRC.

The participating lenders are members of the NCRC Banker/Community Collaborative Council. All of them have preferred lender status in SBA’s 7(a) General Business Loan Guaranty program. They are: BankBoston, Bank of America/NationsBank, Bank One/First Chicago, Chase Manhattan Bank, European American Bank, Mellon Bank and Wells Fargo.

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The pilot is scheduled to run for five years, and SBA expects to add additional lenders later this year.

Participating lenders will adopt streamlined loan processing and approval procedures similar to those used in the *SBAExpress* program. Under *SBAExpress*, lenders perform credit analyses, use their own paperwork and are permitted to apply SBA guaranties to loans without SBA's direct involvement. In return for this flexibility, lenders making *SBAExpress* loans agree to accept a maximum loan guaranty of 50 percent.

Under Community Express, the same processing procedures will be adopted, but the guaranty percentages will be increased to 80 percent for loans up to \$100,000, and to 75 percent on loans up to \$250,000.

The loans include term loans, lines of credit and commercial mortgages. Loan proceeds can be used for purchasing inventory, machinery and equipment, land and buildings and for working capital.

The 30 areas to be targeted for Community Express will be selected by the lenders and NCRC.

The critical element of the program is the link between the SBA-backed loans and the technical assistance that will be funded by lenders and provided by NCRC member organizations. Borrowers will receive hands-on training and support, both before and after loan closings.

The Community Express pilot program is part of SBA's New Markets Initiative, which is designed to spur economic development and job creation in untapped rural and inner city communities with venture capital, commercial loan credits and technical assistance.

NCRC is a nonprofit trade association comprised of 680 dues-paying community development and advocacy groups. Members are committed to revitalizing distressed communities. NCRC's mission is to ensure fair and equal access to credit, capital and banking services and products to these communities. NCRC seeks to develop and support long-term solutions that provide resources, knowledge, and skills to build community and individual net wealth.

For more information on these and other SBA programs, call the SBA Answer Desk at 1-800-U-ASK-SBA, or visit the SBA's extensive website at www.sba.gov.

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